Dorothy Jo Mastin Attorney at Law

108 S. Walnut Street Cynthiana, Kentucky 41031-1538 Office: 859-235-9000 fax: 859-235-0186

March 31, 2005

Kentucky Public Service Commission

ATTENTION: Jessamyn Hilton

P. O. Box 615

Frankfort, Ky. 40602

Re: Case No. 2005-00024

Filing Deficiencies

FECEIVED

APR 01 2005

PUBLIC SERVICE COMMISSION

Dear Ms. Hilton:

This letter is in response to the Harrison County Water Association, Inc.'s filing deficiencies for the above matter. I am enclosing ten (10) copies as Ms. Beth O'Donnell, Executive Director, requested in her letter of January 14, 2005,

- Our Articles of Incorporation were previously filed with the PSC in a prior proceeding which can be found in Case No. 99-409, "In the Matter of: AN ADJUSTMENT OF RATES FOR THE HARRISON COUNTY WATER ASSOCIATION, INC."
- 2. I am enclosing a faxed copy of a letter I received this morning from our auditors, Ray, Foley, Hensley & Company, PLLC, which complies with the second paragraph of the letter dated January 14, 2005.

If you need any additional information or have any questions about this matter, please feel free to contact.

Thank you for your assistance in this matter.

Sincerely,

Dorothy Jo Mastin
Attorney at Law

DJM:sjw

Enclosures

Medical D. Falsand, Ora Lymna Bayer, F., Ora J. Carroll Luby, Cry, J. Carroll Luby, Cry, Marc T. Eary, Cry, ASP

Dorothy Jo Mastin Attorney at Law 108 S. Weinur Street Cynthiana, Kentucky 41031-1539

230 Léangton Green Cárcle, Suite 600, « Lexington, Kenhucky 40503.33.26 Phone: 859-231-1800 « Fax: 859-422-1800 « Toll-Free: 1-800-3-40503.33.26 WHIP THEO: COM Members American Tustime of Certified Public Accommands and Kentucky Society of Certified Public Accommands and Kentucky Society of Certified Public Accommands	Leaf Mrs. Mestin: Associations request for increases in the microlings with the Kentusky Public Service Commission and the filings with the Kentusky Public Service Commission and the regulatory provision in 807 KAR 5.011 Section 10 (2) requires the District to file in additional revenue to be generated from the increases is greater than the lease revenue so be formal revenue to be generated from the increases is greater than the level of the latest receive and nonrecurring changes for a welve month Decamber 31, 2004 from recomments of the Association for the year ended December 31, 2004 from recommentan fees and \$2.40 (24 (\$3.5) to each) from feed our audit of the Association for the year ended December 31, 2004. The recommentan fees and \$2.40 (24 (\$3.5) to each) from feed collection changes. The estimated revenue using the proposed rates would be as follows: Total estimated revenue Recommendant fees and \$3.0 agos. Total estimated revenue The Association changes \$3.0 agos. Total estimated revenue S16,000 The Association changes \$2.7 each Total estimated ocusts S16,000 S16,000 S16,000	Re: Harrison County Water Association
N., Kenáucky 40503-3326 N-FRO:: 1-800-3427299 V-SORRY OF CENIBED PUBGE ACCULUTIONS	lear Ms. Mestin: Associations request for increases in the miscofaneous fees. The regulatory provision in 807 KAR 5.011 Section 10 (2) requires the District to file in additional revenue to the additional revenue to be generated from the increases is greater the total revenue to provision and the rend. The absorption test as to show the additional revenue to be generated from the increases is greater than the level of the latest rate case. The absorption test as to show the additional revenue to be generated from the increases is greater than the level of the latest rate case. In a second completed our audit of the Association for the year ended December 31, 2004 from recuments of the Association from the series and \$2.40 (24 (\$3.510 each) from fees as \$7,940. This consists of \$7,700 (308 (\$5.525 each)) in the consists of \$7,700 (308 (\$5.525 each)) in the confidencian fees and \$2.40 (24 (\$5.510 each) from feed confidencian changes. Total estimated revenue Socration estimates the cost of these services Total estimated revenue Socration estimates the cost of these services Field collection charges \$27 each Total estimated coats Total estimated coats Total estimated coats Total estimated coats S15,040 Total estimated coats Total estimated coats Total estimated coats S16,040 S15,049 S16,049	

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Ray, Foley, Hensley & Company, PLLC

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Whofly to Mash Dorothy Jo Mastin Attorney at Law

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Enclosures

Ray, Foley, Hensley & Company, PLLC

Certified Public Accountants and Consultants

Denois H. England, OPA Michael D. Foley, CPA Lyman Bager, Jr., CPA Jerry W. Hensley, CPA Marc T Bary, CPA-ABV J. Carroll Luby, CPA

Dorothy Jo Mastin Attorney at Law 108 S. Walnut Street Cynthiana, Kentucky 41031-1538

Harrison County Water Association

Dear Mrs. Wastin:

I am responding to your letter regarding the filings with the Kentucky Public Service Commission and the Associations request for increases in the miscelfaneous fees.

The regulatory provision in 807 KAR 5:011 Section 10 (2) requires the District to the ist addition to other fittings an "absorption test" if the additional revenue to be generated from the increases is greater than five (5) percent the total revenues provided by all miscellaneous and nonrecurring charges for a twelve month period. The absorption test is to show the additional revenues from the increase will not result in a rate of return greater than the level of the latest rate case.

We have recently completed our audit of the Association for the year ended December 31, 2004. The financial statements of the Association report the actual revenue generated for the calendar year ended December 31, 2004 from reconnection fees as \$7,940. This consists of \$7,700 (308 @\$25 each) in reconnection fees and \$240 (24 @\$10 each) from tied collection charges.

The estimated revenue using the proposed rates would be as follows:

Total estimated costs	The Association estimates the cost of these services Reconnections \$50 each Field collection charges \$27 each	Total estimated revenue	Reconsection fees 308 @550 Field collection charges 24@525
\$16,048	\$15,400 648	\$16,000	\$15,400 600

230 Léxington Groca Circle, Suite 600 · Lexington, Renhicky 40503-3326 Phone: 859-231-1800 • Fax: 859-422-1800 • Toll-Free: 1-800-342-7299 www.cffico.com

Members American Institute of Certified Public Accommants and Newtucky Society of Certified Public Accountmins

March 30, 2005

/leng W. Hensiey, CPA
Audit Engagement Partner
Ray, Folley, Hensiey & Company, PLLC

Based upon this analysis the Association, the propose rates will not cover the cost of the senuce, and therefore will not increase the falle of return.